



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 12, 1993

Mr. Max J. Reynolds
Vice President, Operations
Great Salt Lake Minerals
& Chemicals Corporation
P.O. Box 1190
Ogden, Utah 84402

Dear Mr. Reynolds:

Re: Reclamation Surety Update, Great Salt Lake Minerals & Chemicals Corporation (GSLM), Little Mountain Plant, M/057/002, Weber County, Utah

Division files indicate the reclamation surety for the GSLM Little Mountain Plant is to be reviewed and renewed annually until August of 1994. The present surety is an Chase Manhattan Bank Letter of Credit for the amount of \$233,800. The Division has escalated the revised surety amount (estimated in terms of 1991 dollars) using actual and projected escalation factors to 1994 dollars. A 1.42% escalation factor was used to project the surety amount forward to 1994 dollars. The new surety amount is \$239,700. Please see the attached Surety Estimate Update for details of the calculations. Please note that the surety amount was adjusted for escalation only.

Please provide the Division with an updated surety for the new amount prior to August 31, 1993, if possible. It may be possible to amend the Reclamation Contract to reflect the new surety amount without formally presenting the matter to the Board of Oil, Gas and Mining at their monthly hearing. The last GSLM surety update was approved without going through the formal Board presentation. We will seek concurrence from our legal counsel in this regard and inform you accordingly.

The GSLM reclamation surety is scheduled for a five year review in August 1994. At that time the Board will most likely request GSLM post a surety for a five year period rather than an annually renewable surety.



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Max J. Reynolds
M/057/002
July 12, 1993

Please provide a response to this letter at your earliest convenience. If you have any questions regarding this letter, please contact me, or Wayne Hedberg, at the Division. Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in cursive script, reading "Anthony A. Gallegos".

Anthony A. Gallegos
Reclamation Engineer

jb
Attachment
cc: Lowell Braxton, DOGM
M57-02UP.LET

SURETY ESTIMATE UPDATE

Great Salt Lake Minerals & Chemicals Corp.

Little Mountain Plant

Weber County, Utah

M/057/002

Prepared by Utah Division of Oil, Gas & Mining

Last Update 07/09/93

DESCRIPTION:

- Reclamation estimate originally calculated in 1989 by DOGM as \$182,820
- Reclamation estimate amended 9/16/91 & escalated to \$228,000 (1991-\$)
- Surety (LOC) is automatically renewable for periods of 1 year
- 90-day prior notice required for cancellation of surety
- Surety is to be reviewed & updated annually until 1994
- Annual expiration date of surety is Aug. 31, 5 pm New York time
- Site consists of approximately 51,000 acres of evaporation ponds, 500 acres of plant operations, & 115 acres of borrow areas
- Total disturbed area (ponds excluded) = 615 ACRES
- Escalation factors through 1992 are actual Means Historical Cost Indices
- Surety amount for 1993 was \$233,800

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$	1985	0.0290	\$0
	1986	0.0210	\$0
F = Future Sum	1987	0.0195	\$0
P = Present Sum	1988	0.0181	\$0
i = Escalation Factor	1989	0.0177	\$0
n = number of periods	1990	0.0077	\$0
	1991	0.0127	\$228,000
Three Yr Average = 1.42%	1992	0.0221	\$233,039
Used to Project 5 Yrs	1993	0.0142	\$236,348
Into the Future	1994	0.0142	\$239,704
From the Year 1993	1995	0.0142	

Updated Surety Amount Rounded (1993 \$) \$239,700

** Average cost per acre = 390 (\$/ACRE)